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STATE FOR WHA/CAR

E.O. 12958: DECL: 03/18/2019  
TAGS: ECON EFIN ETRD BF  
SUBJECT: CHINA AGREES TO FINANCE RESORT PROJECT IN THE  
BAHAMAS

REF: A. NASSAU 041  
    1B. NASSAU 107

Classified By: Charge Zuniga-Brown for reasons 1.4(b) and (d).

11. (C) Summary: Baha Mar Resort officials announced on March 10 that the ExIm Bank of China and the China State Construction Engineering Corporation have formally agreed to finance a major construction project in Nassau. Bahamian officials are hopeful that this project, which has been stalled for nearly a year, will provide a much needed boost to the struggling economy. A sticking point in negotiations remains regarding visas for Chinese laborers ) The Bahamas wants to limit visas to senior management positions while the Chinese maintain they need some of their own workers for all aspects of labor. Chinese Embassy officials privately told PolChief the China ExIm Bank would prefer another investor in the mix in order to diminish the financial risk. Officials also noted that despite GCOB attempts to attract more Chinese tourists to The Bahamas, the Caribbean is not an appealing location for most Chinese. End Summary.

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BIG BUCKS FROM CHINA  
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12. (U) Baha Mar Resort officials announced on March 10 that the ExIm Bank of China and the China State Construction Engineering Corporation have formally agreed to finance a major construction project in Nassau. The Baha Mar project on Cable Beach, which has been stalled for nearly a year after Harrah,s Entertainment pulled their financing, is expected to create jobs and bring much needed income into the struggling Bahamian economy. Baha Mar and GCOB officials have spent the past several months courting Chinese investors, making at least two official trips to China in their efforts to garner interest in the island nation. Chinese Embassy officials indicated that initial financing would be close to USD 3.2 billion.

13. (C) The Chinese footprint in The Bahamas has grown in recent months as The Bahamas looked to other nations following a decrease in interest from U.S. investors as a result of the global economic downturn. The last few months have been especially busy in China-Bahamas relations, including an official visit from Chinese Vice Premier Hui Langyu in February (Ref B), a series of high-level business delegations over the last few months (Ref A), and the beginning stages of construction of a national stadium that was a gift from the Chinese government (Ref B).

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CHINESE LABOR AN ISSUE  
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14. (C) Negotiations regarding visas for Chinese laborers remains a sticking point in the Baha Mar Resort deal. The GCOB wants to limit foreign labor to senior management

positions only, while the Chinese prefer to bring in some of their own laborers for all stages of construction. Privately, Chinese Embassy officials told PolChief that visas have been issued for 20 Chinese laborers who will be part of the team constructing the new stadium, and that this is only the first wave of workers heading to the western hemisphere. Foreign labor remains an issue of contention for the GCOB, as they face the need for new jobs following the recent lay-offs of nearly 1000 tourism sector employees.

¶15. (C) Chinese Embassy officials indicated that the China ExIm Bank will not take over operations of the casino in the new resort, and that Baha Mar is likely to look for a U.S. casino operator to manage that aspect of the resort. Embassy officials also noted that China ExIm Bank would prefer another investor in the mix in order to diminish the financial risks associated with a new investment project.

¶16. (S) Senior GCOB officials expressed concern to the Charge over the Chinese request for foreign workers. They requested U.S. assistance with obtaining background checks and mused that it would be preferable if the Chinese workers were first routed through the UK or U.S. so that they would be properly vetted. Of primary concern is ensuring that there is adequate accounting methods are in place to track that those that enter eventually leave.

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DON,T BET ON CHINESE TOURISM

¶17. (C) The GCOB has recently focused on non-traditional visitors, such as the Chinese, in an effort to increase tourism to The Bahamas. However, Chinese Embassy officials

said The Bahamas &is not an appealing location<sup>8</sup> for Chinese tourists and are doubtful an increase in advertisements in China will change that. During a meeting with PolChief, Chinese officials asked about the change in U.S. policy with respect to Cuba and speculated that a lift in travel restrictions for U.S. citizens to Cuba &would devastate<sup>8</sup> the Bahamian tourism market.

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COMMENT

¶18. (C) It is clear that The Bahamas is looking to China to fill the economic void left by the recent decrease in U.S. visitors and investors. However, it is not yet clear what costs, if any, this new relationship will have on The Bahamas. In a conversation with PolChief, renowned local attorney and opposition-party member opined that the GCOB must have given something up to secure this deal, speculating that it might have been their UN vote. For their part, China has been a willing partner with The Bahamas so far and it is likely that the future of The Bahamas includes the presence of many more Chinese citizens on their shores.

ZUNIGA-BROWN